

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF WASHINGTON

NEW YORK LIFE INSURANCE  
COMPANY, a New York mutual  
insurance company,

Plaintiff-in-Interpleader,

v.

TRAVIS KNOLES, and JOANNA  
CLARK, as custodian for M.J.K. and  
M.L.K.,

Defendants-in-Interpleader.

NO: 12-CV-0084-TOR

ORDER GRANTING STIPULATED  
MOTION FOR DISMISSAL OF  
ACTION AND TRANSFER OF  
FUNDS TO TRUST ACCOUNT

BEFORE THE COURT is the parties' Stipulated Motion for Dismissal of Action and Transfer of Funds to Trust Account (ECF No. 47). This matter is set to be heard December 30, 2012 without oral argument. There being no reason to delay, the Court enters the following order.

Plaintiff New York Life Insurance Company filed this diversity based interpleader on February 3, 2012, to resolve competing claims to the proceeds of two whole life insurance policies. The proceeds have been deposited with the Clerk

ORDER GRANTING STIPULATED MOTION FOR DISMISSAL OF ACTION  
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1 of Court and remain subject to the Court's jurisdiction to apportion.<sup>1</sup> The  
2 Defendants-in-Interpleader have now stipulated that this matter has been fully and  
3 finally settled by and between themselves and ask the Court to dismiss the action  
4 with prejudice, transfer the funds currently in the registry of the Court "in  
5 accordance with the stipulation and agreed order. . ." ECF No. 47.

6 A district court may retain jurisdiction over a settlement agreement in the  
7 order of dismissal or may incorporate the terms of the settlement agreement in the  
8 order of dismissal. *See Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375,  
9 381 (1994). It is a district court's prerogative not to retain jurisdiction over the  
10 settlement agreement. *Id.* at 381-82. Absent an express retention by a district  
11 court of jurisdiction to enforce a settlement agreement reached in a case pending  
12 before it, such "enforcement of the settlement agreement is for the state courts,  
13 unless there is some independent basis for federal jurisdiction." *Id.* A federal  
14 court may refuse to exercise continuing jurisdiction even though the parties have  
15 agreed to it, because the parties cannot confer jurisdiction by stipulation or  
16 consent. *See e.g., Collins v. Thompson*, 8 F.3d 657, 659 (9th Cir. 1993).

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19 <sup>1</sup> Less an amount awarded to the Plaintiff-in-Interpleader for costs and attorney  
20 fees. ECF No. 29.

1 In this case the parties have submitted a detailed settlement agreement  
2 addressing, inter alia, the disbursement of the life insurance proceeds, how those  
3 proceeds can be spent, and a detailed residential visitation schedule. That  
4 settlement agreement appears to consent to this Court's continuing jurisdiction, but  
5 also contemplates the intervention of the Spokane County Superior Court (ECF 47-  
6 1 at 4-5), a mutually agreeable arbitrator (ECF No. 47-1 at 8), and courts in  
7 Spokane County (ECF No. 47-1 at 8).

8 The Court in no way denigrates the terms of the parties' settlement of this  
9 matter, but declines to exercise continuing jurisdiction over the settlement  
10 agreement. Indeed, other than determining the proper distribution of the funds in  
11 this interpleader matter, the Court does not have an independent basis for  
12 exercising federal jurisdiction over most, if not all, the terms of the settlement  
13 agreement.

14 **Accordingly, IT IS HEREBY ORDERED:**

- 15 1. The parties' Stipulated Motion for Dismissal of Action and Transfer of  
16 Funds to Trust Account (ECF No. 47) is **GRANTED**.
- 17 2. All past claims, counterclaims and cross-claims of all kinds whatsoever,  
18 relating to the above-entitled lawsuit over New York Life insurance  
19 policies, shall be **DISMISSED** with prejudice and without cost to either  
20 party.

1 3. The Clerk of Court is directed to deduct from the income earned on the  
2 funds on deposit, a fee as set by the Director of the Administrative Office  
3 and authorized by the Judicial Conference of the United States, 28 U.S.C.  
4 § 1914, and is then directed to disburse to attorney Eric R. Shumaker  
5 IOLTA Trust Account, 113 East Baldwin Avenue, Spokane, Washington  
6 99207, all remaining funds on deposit.

7 4. All pending motions are **STRICKEN** and all deadlines and hearings are  
8 **VACATED**.

9 The District Court Executive is hereby directed to enter this Order, furnish  
10 copies to counsel, disburse the funds, and **CLOSE** the file.

11 **DATED** this 12<sup>th</sup> day of December, 2012.

12 *s/ Thomas O. Rice*

13 THOMAS O. RICE  
14 United States District Judge